

COMMONWEALTH OF AUSTRALIA

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Family Name	
Given Names	
Student Number	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Teaching Period	Semester 2, 2015

FINAL EXAMINATION	DURATION
PRBA001 – Accounting Principles	
	Reading Time: 10 minutes
	Writing Time: 180 minutes

INSTRUCTIONS TO CANDIDATES

The examination has **one** section:

Section A: Suggested Time: 180	Answer ALL 8 (eight) questions Marks as indicated by lecturer
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Section A must be answered in the booklet provided. Please ensure that your name and student number are clearly indicated on your Answer Booklet and at the top of this examination paper.

- 1.2 Note that questions **ARE NOT** of equal value.
- 1.3 Read **ALL** questions carefully.
- 1.4 Do not commence writing until instructed to do so.

EXAM CONDITIONS

This is a RESTRICTED OPEN BOOK examination

Any non-programmable calculator is permitted

No handwritten notes are permitted

Hard copy, unannotated English translation dictionary only

Answer on the supplied examination material/s only

ADDITIONAL AUTHORISED MATERIALS	EXAMINATION MATERIALS TO BE SUPPLIED
No additional printed material is permitted	1 x 8 Page Book

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Section A
Short Answer Questions
Total No of Marks for this section: 100

This section should be answered in the Answer Booklet provided.
Marks for each question are indicated.

Q. 1 (Total Marks: 10)

B&B Ltd. began with an inventory of 60 signs that cost a total of \$1,800. B&B purchased & sold signs on credit as follows:

Purchase 1	65 signs @ \$32
Sale 1	105 signs @ \$65
Purchase 2	92 signs @ \$38
Sale 2	75 signs @ \$68

B&B uses the average cost method of inventory valuation. Cash payments on account totalled \$2,080. Operating expenses were \$3,600. B&B paid two-thirds in cash & accrued the rest as accounts payable.

Required:

- a) Prepare a perpetual inventory record at average cost.

(Marks: 7)

- b) Make journal entries to record the firm's transactions.

(Marks: 3)

Q 2. (Total Marks: 10)

On 1 Jan 2010, RAR Ltd issues \$100,000 of 6.5% five-year debentures at 102. RAR has extra cash & wishes to redeem the debentures on 1 Jan 2013, immediately after making the second half-yearly interest payment. To redeem the debentures, RAR pays the price of 98.

Required:

- a) What is RAR's carrying amount of the debentures on the redemption date?

(Marks: 2)

- b) How much cash must RAR pay to redeem the debentures?

(Marks: 1)

- c) Calculate RAR's gain or loss on the redemption of the debentures.

(Marks: 4)

- d) Journalise RAR's transaction to redeem the debentures.

(Marks: 3)

Please show your calculations clearly

Q 3 (Total Marks: 17)

Rapid Copy Ltd.'s cash account shows a balance of \$13,640 as at 30 April 2015. The cash records of Rapid Copy for April 2015 are as follows:

Cash Receipts (CR)		Cash Payments (CP)	
Date	Cash (dr)	Cheque No.	Cash(cr)
2-Apr	\$4,170	3113	\$890
8-Apr	500	3114	140
10-Apr	550	3115	1930
16-Apr	2180	3116	660
22-Apr	1850	3117	1470
29-Apr	1060	3118	1000
30-Apr	330	3119	630
		3120	1670
		3121	100
		3122	2410

On 30 April, Rapid Copy received the following bank statement:

Bank Statement for April 2015

Beginning balance:			13,900
Deposits & other credits:			
1-Apr	EFT	300	
4-Apr		4170	
9-Apr		500	
12-Apr		550	
17-Apr		2180	
22-Apr	BC	1300	
23-Apr		1850	10,850
Cheques & other debits:			
7-Apr	Chq # 3113	890	
13-Apr	Chq # 3115	1390	
14-Apr	DC	900	
15-Apr	Chq # 3114	140	
18-Apr	Chq # 3116	660	
21-Apr	EFT	200	
26-Apr	Chq # 3117	1470	
30-Apr	Chq # 3118	1000	
30-Apr	SC	20	(6,670)
Ending balance			18,080

BC – bank collection, EFT – electronic fund transfer, DC – dishonoured cheque, SC – service charge.

Additional data for bank reconciliation:

- The EFT deposit was a receipt of rent. The EFT debit was an insurance payment for April 2015
- The dishonoured cheque was received from a customer
- The \$1300 bank collection was for a bill receivable, which included interest of \$100.
- The correct amount of cheque # 3115 is \$1390. (Ward mistakenly recorded the cheque for \$1930)

Required:

- a) Prepare the bank reconciliation for Rapid Copy Ltd as at 30 April 2015.

(Marks: 10)

- b) Record the journal entries that bring the book balance of cash at bank into agreement with the adjusted book balance on the reconciliation. Include an explanation for each entry.

(Marks: 7)

Q. 4 (Total Marks: 10)

Fast Trucking uses the unit-of-production (UOP) depreciation method because UOP best measures wear & tear on the trucks. Consider these facts about one Mack semi-trailer truck in their fleet.

When acquired in 2009, the semi-trailer rig cost \$320,000 & was expected to remain in service for 10 years, or 1 million kilometres. Estimated residual value was \$80,000. The truck was driven 90,000 kms. in 2009, 110,000 kms. in 2010 & 150,000 kms. in 2011. After 50,000 kms. in 2012, the firm traded in the Mack truck & paid cash of \$30,000 as full payment for a new truck valued at \$310,000.

Required:

Prepare the journal entries to record

- a) depreciation expense in year 2009, 2010, & 2011

(Marks: 3)

- b) the trade-in of the old truck & the purchase of the new truck.

(Marks: 7)

Show your calculations clearly. Explanations for journals are not required.

Q 5. (Total Marks: 14)

Ray Singer is a manager at Commonwealth Australia Bank (CBA). During 2014, he worked for the bank all year at a \$5,500 gross monthly salary. He also earned a year-end bonus equal to 10% of his annual salary.

Roy's income tax withheld during 2014 was \$1,925 per month, plus \$2,310 on his bonus cheque. Roy authorised the following payroll deductions: charitable fund contribution of 2.5% of total earnings & life insurance of \$60 per month.

CBA incurred payroll tax expense of 5.5% of the total payroll. The bank provided Roy with the following benefits: health insurance at a cost of \$60 per month, & 9.5% superannuation on his gross salary to be paid to Roy during his retirement.

Required:

- a) Calculate Roy's gross pay, payroll deductions & net pay during 2014.

(Marks: 4)

- b) Calculate the bank's total payroll cost for Roy.

(Marks: 6)

- c) Make the journal entries to record the bank's expense for Roy's total earnings for the year, his payroll deductions & his net pay. Use appropriate accounts. Explanations are not required.

(Marks: 4)

(Please show your calculations clearly)

Q. 6 (Total Marks: 10)

The table below shows some missing amounts for four different companies:

Company	Net sales	Beginning Inventory	Net Purchases	Ending Inventory	Cost of Sales	Gross Profit
Abacus Co.	\$140,000	\$32,000	\$82,000	\$41,000	(a)	(b)
Nu Bold	(c)	25,000	93,000	(d)	94,000	43,000
Juno Ltd	94,000	(e)	54,000	22,000	62,000	(f)
Ben Inc.	84,000	10,000	(g)	8,000	(h)	47,000

Required:

- a) Supply the missing amounts for each of the following companies (show your calculations clearly)

(Marks: 6)

- b) Prepare the income statement for Abacus Company, which uses the periodic inventory system. Include a complete heading and show the full calculation of cost of sales. Abacus's operating expenses for the year were \$18,000.

(Marks: 4)

Q 7 (Total Marks: 14)

Ed, Ted & Ned have formed a partnership on January 1, 2015. Ed invests \$10,000, Ted \$25,000 & Ned \$35,000. Ed will manage the store, Ted will work in the store half-time & Ned will not work in the business.

Required:

Calculate the partners' share of profits & losses under each of the following plans:

(a) Loss is \$85,000 & the partnership agreement allocates 40% of profits to Ed, 25% to Ted & 35% to Ned. The agreement does not specify the sharing of losses.

(Marks: 2.5)

(b) Profit for the year is \$190,000. The first \$70,000 is allocated on the basis of partner capital balances; the next \$40,000 is based on service with Ed receiving \$30,000 & Ted receiving \$10,000. Any remainder is shared equally.

(Marks: 8)

Revenues for the year ended 31 December 2015 were \$427,000 and expenses were \$237,000. Under plan (b) above, prepare the partnership income statement for the year.

(Marks: 3.5)

Q. 8 (Total Marks: 15)

LanWan Ltd.'s accountants have assembled the following data for the year ended 31 December 2015

LanWan Ltd

Current Accounts	2015	2014
Current Assets		
Cash	\$50,000	\$22,000
Accounts receivable	69,200	64,200
Inventory	80,000	83,000
Current Liabilities:		
Accounts payable	57,800	55,800
Income tax payable	14,700	16,700

Transactions data for 2015

Profit after tax	\$57,000	Purchase of long term investment	\$14,000
Issue of ordinary shares for cash	41,000	Loss on sale of equipment	11,000
Depreciation expense	21,000	Payment of cash dividend	18,000
Purchase of building	160,000	Issue of long term bill payable to borrow cash	34,000
Redemption of debentures payable by issuing ordinary shares	65,000	Sale of equipment	58,000

Required:

Prepare LanWan Ltd.'s cash flow statement for the year ended December 31, 2015, using the indirect method to report operating activities. Include an accompanying schedule of non-cash financing & investing activities.

(Marks: 15)